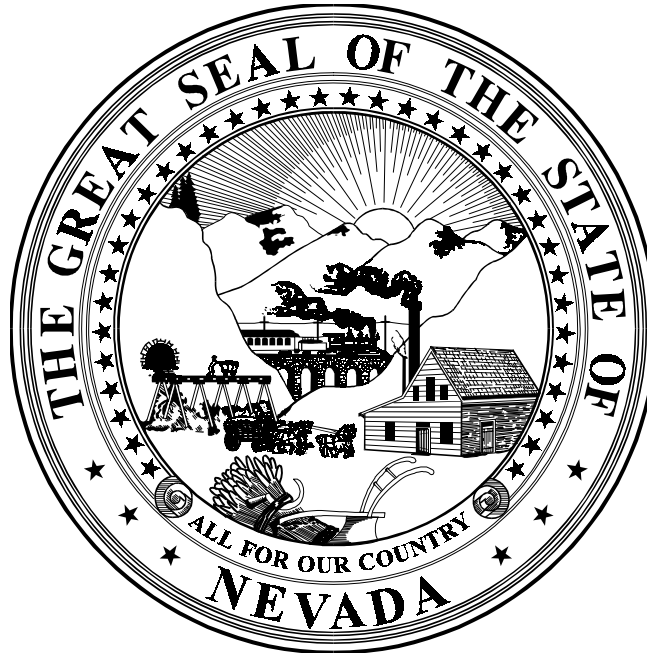


# STATE OF NEVADA

## GAMING CONTROL BOARD



### MINIMUM INTERNAL CONTROL STANDARDS

**Note:** When adopted in 1997, these standards applied to both Group I and Group II licensees. In February 2000, the Nevada Gaming Commission amended the definition of “Group II licensee” and revised Regulation 6.090 to require that Group II licensees (i.e., redefined as those licensees with annual gross gaming revenues of less than \$3 million) follow Internal Control Procedures rather than the Minimum Internal Control Standards. Therefore, although these standards make numerous references to Group II licensees, these standards no longer apply to such licensees – they only apply to those licensees with annual gross gaming revenues of \$3 million or more. References to Group II licensees will be deleted with the next formal revision of the Minimum Internal Control Standards.

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

## **CAGE AND CREDIT**

**Note 1:** Category A is defined as those licensees whose pit credit issues on NGC-31's for the 12 months ended June 30 exceed the greater of (a) \$400,000 or (b) twenty percent (20%) of gross gaming revenue. All standards apply to category A.

Category B is defined as those licensees issuing lesser amounts. Standards numbered 5, 14, 19, 20, 21 and 43 do not apply to Category B.

The term "licensee" is intended to include race and sports books who cash checks for patrons.

**Note 2:** If a licensee has no pit credit and makes no adjustments for returned checks or cage credit on their NGC-1's, only Standards 10-13 and 29-37 are applicable.

**Note 3:** The following standards represent minimum acceptable credit procedures. The requirements of Regulation 6.120 must also be met if credit instruments are not to be included in gross gaming revenue.

**Note 4:** For any Board-authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described by these standards will be acceptable.

### ***Authorization and Extension of Credit***

1. At least the following information is recorded for patrons who have credit limits or are issued credit greater than \$1,000 (excluding payroll checks, cashier's checks, and travelers checks):
  - a. Patron's name, current address, and signature.
  - b. Identification verifications.
  - c. Authorized credit limit.
  - d. Documentation of authorization by an individual designated by management to approve credit limits.
  - e. Credit issuances and payments.
2. Prior to extending credit, the patron's credit card and/or other documentation is examined to determine the following:
  - a. Properly authorized credit limit.

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

**CAGE AND CREDIT**

- b. Whether remaining credit is sufficient to cover the advance.
  - c. Identity of the patron (except for known patrons).
3. Credit extensions over a specified dollar amount are approved by personnel designated by management.
  4. Proper approval of credit extensions over 10 percent of the previously established limit or \$1,000, whichever is greater, is documented.
  5. The job functions of credit approval (i.e., establishing the patron's credit worthiness) and credit extension (i.e., monitoring patron's credit play activity/availability) are segregated for credit extensions to a single patron of \$10,000 or more per day (applies whether extended in the pit or the cage).
  6. If cage credit is extended to a single patron in an amount exceeding \$2,500, applicable gaming personnel are notified on a timely basis of the patrons playing on cage credit, the applicable amount of credit issued, and the available balance.
  7. Cage marker forms are at least two parts (the original marker and a payment slip), prenumbered by the printer or concurrently numbered by the computerized system, and utilized in numerical sequence.
  8. The completed original cage marker contains at least the following information: marker number, player's name and signature, and amount of credit issued (both alpha and numeric).
  9. The completed payment slip includes the same marker number as the original, date and time of payment, amount of payment, nature of settlement (cash, chips, etc.), and signature of cashier receiving the payment.
  10. If personal checks, cashier's checks, or payroll checks are cashed (except for instruments cashed which are supported by the documentation in item #1), the cage cashier:
    - a. Examines and records at least one item of patron identification (e.g., driver's license).
    - b. Records a bank check guarantee number or type of credit card and expiration date (not required for third party checks, e.g., payroll checks and cashier's checks).
    - c. Makes a reasonable effort to verify business authenticity (for payroll checks).

**Note: If a check guarantee service is used to guarantee payment of an instrument, then this standard does not apply.**
  11. Counter checks in excess of \$1,000 are not issued unless the information required by item #1 has been documented.
  12. When counter checks are issued, the following is included on the check:

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

**CAGE AND CREDIT**

- a. The patron's name and signature.
  - b. The dollar amount of credit extended (both alpha and numeric).
  - c. Date of issuance.
  - d. Signature or initials of the individual approving the credit extension.
13. When travelers checks/guaranteed drafts are presented, the cashier must comply with the examination and documentation procedures as required by the issuer.
14. If outstanding credit instruments are transferred to branch offices, collection agencies, or other collection representatives, a copy of the credit instrument and a receipt from the collection representative are obtained and maintained until such time as the credit instrument is returned or payment is received.
15. A detailed listing is maintained to document all outstanding credit instruments which have been transferred to other offices as indicated above. (Branch offices maintain a detailed listing of outstanding credit instruments in their custody.)
16. The above listing is prepared or reviewed by an individual independent of credit transactions and collections thereon.

***Payment Standards***

17. All payments received on outstanding credit instruments are permanently recorded in the licensee's records and at the branch office (if applicable).
18. When partial payments are made on credit instruments, they are evidenced by a multi-part receipt (or another equivalent document) which contains:
- a. The same receipt number on all copies.
  - b. Patron's name.
  - c. Date of payment.
  - d. Dollar amount of payment (or remaining balance if a new marker is issued), and nature of settlement (cash, chips, etc.).

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

## **CAGE AND CREDIT**

- e. Signature or initials of individual receiving payment.
- f. Number of marker on which payment is being made.

**Note: The following three standards do not apply if account balances are routinely confirmed on a random basis by the accounting or internal audit departments, if statements are mailed by someone independent of the credit transactions and collections thereon, and the department receiving payments cannot access cash.**

- 19. The routing procedures for payments by mail require that they are received by a department independent of credit instrument custody and collection.
- 20. Such receipts by mail are documented on a listing indicating the following:
  - a. Customer's name.
  - b. Amount of payment.
  - c. Nature of payment (if other than a check).
  - d. Date payment received.
- 21. The total amount of the listing of mail receipts is reconciled with the total mail receipts recorded on the appropriate accountability by the accounting department on a random basis (for at least 3 days per month).

### ***Access to Credit Documentation***

- 22. Access to the credit information is restricted to those positions which require access and are so authorized by management.
- 23. Access to outstanding credit instruments is restricted to persons authorized by management.
- 24. Access to written-off credit instruments is further restricted to individuals specified by management.

### ***Documentation***

- 25. All extensions of cage credit, pit credit transferred to the cage and subsequent payments are documented on a credit instrument control form.

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

## **CAGE AND CREDIT**

26. Records of all correspondence, transfers to and from outside agencies, and other documents related to issued credit instruments are maintained.

### ***Write-Off and Settlement Standards***

27. Written-off or settled credit instruments are authorized in writing.
28. Such authorizations are made by at least two management officials, other than branch office personnel, who are from departments independent of the credit transaction.

### ***Customer Deposits***

29. The receipt or withdrawal of a customer deposit is evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the cage file.
30. The multi-part receipt contains the following information:
- a. Same receipt number on all copies.
  - b. Customer's name and signature.
  - c. Date of receipt and withdrawal.
  - d. Dollar amount of deposit/withdrawal.
  - e. Nature of deposit (cash, check, chips).

**Note: Provided ALL of the above information (a through e) is available, the only required information for all copies of the receipt is the receipt number.**

31. Procedures are established to:
- a. Maintain a detailed record by patron name and date of all funds on deposit.
  - b. Maintain a current balance of all customer deposits which are in the cage/vault inventory or accountability.
  - c. Reconcile this current balance with the deposits and withdrawals at least daily.

### ***Cage/Vault Accountability***

32. All transactions that flow through the casino cage are summarized on a cage accountability form on a per shift basis.

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

## **CAGE AND CREDIT**

- 33. Increases and decreases to the cage inventory are supported by documentation.
- 34. The cage and vault inventories (including coin rooms/vaults) are counted by at least two persons and recorded at the end of each shift during which activity took place (at least once daily).
- 35. All net changes in outstanding casino accounts receivables, including all returned checks, are summarized on a cage accountability form or similar document on a per shift basis.
- 36. Such information is summarized and posted to the accounting records on at least a monthly basis.

### ***Accounting Standards***

**Note: The term casino accounts receivable, as used in these standards, includes any item (including returned checks) deducted on the NGC tax returns.**

- 37. The cage accountability is reconciled to the general ledger at least monthly.
- 38. A trial balance of casino accounts receivable, including the name of patron and current balance, is prepared at least monthly for active, inactive, settled or written-off accounts. (A listing of written-off items, i.e., worthless items at the time of write-off, and another listing of payments on items previously written-off are acceptable.)
- 39. Reclassification of an unpaid balance between the various casino accounts receivable listings must not be reflected on the NGC tax returns.
- 40. The trial balance of casino accounts receivable is reconciled to the general ledger each month.
- 41. All casino accounts receivable listings are reconciled to the NGC tax returns each month.

**Note: One method to perform the reconciliation is:**

**Change in listings balance (beginning balance less ending balance), (+) marker credits, (-) "net adjustments" (from line 2(d) on the NGC-1 tax return), (=) zero.**

- 42. The reconciliation and any follow-up performed is documented and maintained.
- 43. On a monthly basis, calculate the collection percentage, looking for unusual trends, as follows:
  - a. The total of:
    - 1) Collections in areas other than the pit, and
    - 2) +/- Returned checks (if applicable).

STATE OF NEVADA  
GAMING CONTROL BOARD  
MINIMUM INTERNAL CONTROL STANDARDS  
FOR GROUP I AND GROUP II LICENSEES

## **CAGE AND CREDIT**

- b. Divided by the sum of:
  - 1) Pit marker credits, and
  - 2) Cage credit issues.

### ***Auditing Standards***

- 44. In addition to the internal audit standards, an individual independent of the cage, credit, and collection functions performs all of the following at least three times per year:
  - a. Ascertain compliance with credit limits and other established credit issuance procedures.
  - b. Randomly reconcile outstanding balances of both active and inactive accounts on the listing to individual credit records and physical instruments.
  - c. Examine credit records to determine that appropriate collection efforts are being made and payments are being properly recorded.
  - d. For a minimum of five (5) days per month, partial payment receipts are subsequently reconciled to the total payments recorded by the cage for the day and are numerically accounted for.
- 45. All cage and credit accounting/auditing procedures and any follow-up performed is documented.

### ***Branch Offices***

- 46. Standard numbers 14 through 18 and 26 through 31 also apply to branch offices.
- 47. At least monthly a home office employee independent of branch office operations and the cage department reconciles the listing prepared pursuant to Standard number 15 to the credit issuances and payments recorded by the cage.